



### SMALL SCALE INDUSTRIES-A GATEWAY TO OPPORTUNITIES

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#### **Abstract**

Small scale industries refer to those small entrepreneurs who are engaged in production, manufacturing or service at a small scale. Small scale industries play a focal role in the economic and social development of India in the post-independence era. The contribution of Small Scale Industries to the Indian economy in terms of employment generation, reducing regional imbalances, promoting inter-sectorial linkages and magnifying exports has been excellent. This sector through more than 5000 products ranging from traditional to high-tech. The Small Scale Industries can take India's economy from 2 trillion dollar to 20 trillion dollar faster than large scale industries.

**Keywords:** Small scale industries, Economy and MSME

#### **Introduction**

In the year of 2020 many small scale industries faced tremendous loss and very many people lost their jobs but in the annual year of 2021-2022 the Indian economy has shown considerable growth performance by contributing to create livelihood opportunities to millions of people and in increasing the overall economic growth of the country. The sector of small scale industries comprises almost about 80% of the total industrial units in the country. In India small scale industries occupy 36 million units, contribute to 45% of industrial production, 40% to the export sector through more than 5000 products ranging from traditional to high-tech and provides employment to about 80 million people. Therefore the small scale industries in a developing country like India occupy a special place in the industrial structure. In view of the potential of small scale industries, the government has given this sector an important place in the framework of Indian economic planning for economic reasons.

#### **Theory**

A small scale industry is an industrial undertaking in which the investment under fixed assets in plant and machinery or equipment, whether held on ownership term or on lease or hire purchase, does not exceed ₹ 10 crore for manufacturing enterprise and ₹ 5 crore for service enterprise. However, the investment limit changes overtime as prescribed by the government.

In accordance with the provision of Micro, Small & Medium Enterprises Development (MSMED) Act, 2006 the Micro, Small and Medium Enterprises (MSME) are classified in two classes:

1. Manufacturing Enterprises: The enterprises engaged in the manufacturing or production of goods pertaining to any industry specified in the first schedule to the industries (Development and regulation) Act 1951 or employing plant and machinery in the process of



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value addition to the final product having a distinct name or character or use. The Manufacturing Enterprise are defined in terms of investment in Plant and Machinery.

2. Service Enterprises: The enterprises engaged in providing or rendering of services and are defined in terms of investment in equipment.

Industrial units are generally classified as small, medium and large scale units considering their size, capital invested and the number of human resource employed. The concept of small business has been defined by different countries in different ways, however the definition changes over time.

The small scale industries in India whether in manufacturing sector or service sector are split up into five parts:

1. Manufacturing industries: These units are producing merchantable articles for direct consumption and also for processing industries, example: khadi industries, food processing industries, power looms, etc.
2. Ancillary industries: The ancillary industries produce parts and components for large industries.
3. Service industries: Service industries are known for covering all light repairs shop that is essential to maintain mechanical equipment. These industries completely depend on machinery.
4. Feeder industries: These industries produce certain specialised products like electroplating, casting, welding, etc.
5. Mining or Quarries: These industries caters the demand of different types of stones and minerals of the Indian and foreign market.

### Results

Small scale industries are important because it helps in increasing employment and economic development of India. It improves the growth of the country by increasing urban and rural growth. Role of Small and medium scale enterprises are to help the government in increasing infrastructures and manufacturing industries, reducing issues like pollution, slums, poverty, and many development acts. Small scale manufacturing industries and cottage industries play a very important role in the economic development of India.

### Conclusion

The furtherance and advancement of small scale industries is essential for the development of Indian economy to achieve impartial distribution of income and wealth, economic self-dependence and economic sustainable developments. Some appropriate measures to be taken by the government in providing financial assistance at minimum formalities, a platform to be built by government to help the MSMEs in procurement of quality raw material and train them for organised marketing process.

### References

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